

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD OF PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,<sup>1</sup>

Debtors.

PROMESA  
Title III

No. 17 BK 3283-LTS  
(Jointly Administered)

**OBJECTION AND PRELIMINARY RESPONSE OF NATIONAL PUBLIC FINANCE  
GUARANTEE CORPORATION TO THE MOTION OF THE AD HOC GROUP OF  
GENERAL OBLIGATION BONDHOLDERS ESTABLISHING PROCEDURES WITH  
RESPECT TO THE OMNIBUS CONDITIONAL OBJECTION OF THE AD HOC  
GROUP OF GENERAL OBLIGATION BONDHOLDERS TO CLAIMS FILED OR  
ASSERTED BY THE PUBLIC BUILDINGS AUTHORITY, HOLDERS OF PUBLIC  
BUILDINGS AUTHORITY BONDS, AND HOLDERS OF CERTAIN  
COMMONWEALTH GENERAL OBLIGATION BONDS**

TO THE HONORABLE COURT:

National Public Finance Guarantee Corporation (“**National**”) hereby submits this objection and preliminary response to the *Motion of the Ad Hoc Group of General Obligation Bondholders, Under Bankruptcy Code Sections 105(a) and 502 and Bankruptcy Rule 3007, Establishing Procedures with Respect to Omnibus Conditional Objection to Claims Filed or*

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID 9686); and (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747). (Title III case numbers listed as Bankruptcy Case numbers due to software limitations).

*Asserted by the Public Buildings Authority, Holders of Public Buildings Authority Bonds, and Holders of Certain Commonwealth General Obligation Bonds, Dkt. No. 6104 (the “Procedures Motion”) and the Omnibus Conditional Objection of the Ad Hoc Group of General Obligation Bondholders to Claims Filed or Asserted by the Public Buildings Authority, Holders of Public Buildings Authority Bonds, and Holders of Certain Commonwealth General Obligation Bonds, Dkt. No. 6099 (the “Conditional Objection”).<sup>2</sup>*

The Procedures Motion and Conditional Objection are unripe, premature, and a waste of judicial resources, and should be dismissed or stayed. By its own admission, the relief sought by the GO Group—disallowance of certain PBA-related claims against the Commonwealth—cannot be considered unless the Court first determines that that the PBA is a “sham” entity designed to evade the Commonwealth’s constitutional debt limit. That issue is already before the Court, but yet to be decided, in two other proceedings that have only just begun: the PBA Adversary Proceeding, Adv. Pro. No. 18-00149, and the Oversight Board and UCC’s *Omnibus Objection to Claims Filed or Asserted by Holders of Certain Commonwealth General Obligation Bonds*, Dkt. No. 4784. As the GO Group itself admits, the very premise of its conditional objection is therefore purely hypothetical at this point in time and contingent on the outcome of separate proceedings where the Court may very well *reject* the contention that the PBA is a sham, thus mooting the central “condition” underlying the GO Group’s argument.

As a result, the Conditional Objection and Procedures Motion do not give rise to a “case” or “controversy” under Article III of the U.S. Constitution that is ripe for consideration. *See, e.g., McInnis-Misenor v. Maine Med. Ctr.*, 319 F.3d 63, 70 (1st Cir. 2003) (“The critical question

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<sup>2</sup> Capitalized terms not defined herein shall have the meaning ascribed to them in the Conditional Objection and the Procedures Motion.

concerning fitness for review is whether the claim involves uncertain and contingent events that may not occur as anticipated or may not occur at all.”) (internal citations and quotations omitted). Moreover, to require multiple parties to engage in yet another duplicative proceeding involving the constitutional status of the PBA, especially one contingent on one particular but uncertain outcome of the proceedings already in progress, would wastefully squander resources of the court and the parties, including the Commonwealth. *See Objection of the QTBC Noteholder Group 6–9*, Dkt. No. 6254; *Objection of the Lawful Constitutional Debt Coalition 10*, Dkt. No. 6181. Through its Procedures Motion, the GO Group wishes to commence a costly process of notifying unknown claimants of the Conditional Objection and establishing litigation procedures, requiring the court and the parties to expend resources over a theoretical dispute that may never materialize. The interests of judicial economy strongly counsel otherwise.

For the foregoing reasons, National respectfully asks that the Court dismiss or stay the Conditional Objection and Procedures Motion.

**RESPECTFULLY SUBMITTED**, in San Juan, Puerto Rico, this 15th day of April, 2019.

**WE HEREBY CERTIFY** that on this same date a true and exact copy of this motion was filed with the Clerk of Court using the CM/ECF system, which will notify a copy to counsel of record. Also, copy of this document will be notified via electronic mail to all case participants.

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